

## Message Text

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C O N F I D E N T I A L OECD PARIS 23826

E.O. 11652: N/A

TAGS: ENRG, PFORN

SUBJECT: DINNER CONVERSATION WITH PRIME

MINISTER CHIRAC

1. SUMMARY: IN AN INFORMAL DINNER CONVERSATION WITH THE AMBASSADOR, PRIME MINISTER CHIRAC SPOKE OF THE IEA, PREPCON, LDC RELATIONS, OIL PRICE INCREASE, UN 7TH SPECIAL SESSION, COMMUNISM AND DETENTE.

2. IN AN INFORMAL DISCUSSION DURING A DINNER HOSTED BY PRIME MINISTER CHIRAC FOR CHIEF JUSTICE BURGER, THE PRIME MINISTER INDICATED TO ME HIS HOPE THAT THERE WOULD BE "NO NEED" FOR THE IEA IN A FEW MONTHS AS A RESULT OF THE WORK OF THE COMMISSIONS WHICH WOULD FOLLOW THE DECEMBER MINISTERIAL MEETING. HE INDICATED THAT IN THE FRENCH VIEW THE IEA HAD BEEN A GREAT MISTAKE BECAUSE OF ITS CONFRONTATIONAL CHARACTER AND THAT A DIALOGUE WAS ABSOLUTELY ESSENTIAL WITH THE THIRD WORLD. HE WAS NOT CONCERNED, HE SAID, WITH THE MORALS OF THE QUESTION, BUT IF A NATION WAS NOT IN A POSITION TO IMPOSE ITS WILL IT WAS FAR BETTER OFF SEEKING A DIALOGUE RATHER THAN

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CONFRONTATION. SINCE THE US AND FRANCE ARE NO LONGER ABLE

TO ENFORCE THEIR VIEWS THE ONLY FEASIBLE OPTION IS  
DISCUSSION.

3. I RESPONDED THAT IN LIGHT OF THE CARTEL ACTION TO  
ESCALATE PRICES SO PRECIPITOUSLY, IT WAS NECESSARY TO  
HAVE CONCERTED ACTION BY THE MAIN CONSUMING NATIONS IN  
MANY AREAS RELATED TO ENERGY USE, DEVELOPMENT AND CON-  
SERVATION. IT WAS PARTICULARLY IMPORTANT THAT THE CON-  
SUMING COUNTRIES SHOULD NO LONGER BE VULNERABLE TO BE-  
ING WHIPSAWED ON PRICE ON EMBARGOED ON AN INDIVIDUAL OR  
GROUP BASIS, AT THE DISCRETION OF OPEC. THE UNDERDE-  
VELOPED COUNTRIES WERE THE MOST SERIOUSLY AFFECTED BY  
IEA PRICE RISES AND WOULD BENEFIT BY IEA CONSUMER  
COOPERATION TO LIMIT OPEC'S CONTROL OVER THE MARKET. THE  
PRIME MINISTER SAID THAT HE UNDERSTOOD THAT JUSTIFICATION  
AND MUST AGREE. HOWEVER, HE REPEATED HIS STRONG PREFER-  
ENCE FOR NEGOTIATION IN LIEU OF UNITED ACTION.

4. CHIRAC ATTRIBUTED THE FAILURE OF THE ORIGINAL PREP-  
CON TO THE EXTREME POSITIONS, AT OPPOSITE POLES, OF THE  
US AND ALGERIA AND EXPRESSED GRATIFICATION THAT BOTH  
NATIONS WERE NOW APPARENTLY READY TO ENTER A NEW DIA-  
LOGUE WITHOUT SUCH RIGID POSITIONING.

5. FROM RECENT MEETINGS WITH ARAB LEADERS FROM EGYPT  
AND IRAQ, CHIRAC SAID THAT HE HAD NO DOUBT THAT THEY ARE  
NOW READY FOR A PERIOD OF NEGOTIATION. HE WAS VERY  
PLEASED THAT SECRETARY KISSINGER HAD AGREED TO THE TERMS  
AND CONDITIONS OF THE PREPCON AND FOLLOWING MINISTERIAL.  
HE FELT THAT THERE WAS A REAL OPPORTUNITY FOR CONSTRUC-  
TIVE DIALOGUE AND SPECIFIC ACCOMPLISHMENT TO EMERGE FROM  
THE WORK OF THE FOUR COMMISSIONS WHICH WOULD BE ESTAB-  
LISHED. I REPLIED THAT WE APPRECIATED HIS INTEREST IN  
DIALOGUE AND FUTURE PROGRESS, AND WELCOMED THE IMPROVED  
CLIMATE THAT HAD OCCURRED SINCE THE LAST PREPCON. HOW-  
EVER, THE DIFFERENCES EXPRESSED AT THAT TIME BETWEEN THE CON-  
SUMER AND THE PRODUCING COUNTRY/LDC REPS WERE REAL  
AND DEALT WITH SOME FUNDAMENTAL DIFFERENCES IN VIEW  
WHICH THEN PREVAILED.

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6. CHIRAC SAID QUITE EMPHATICALLY THAT THE OPEC COUN-  
TRIES WERE RIGHT ON THEIR OIL PRICE INCREASES AND HAD  
BEEN "THIEVED" OVER THE YEARS BY THE INDUSTRIALIZED  
COUNTRIES WHO HAD PURCHASED THEIR RESOURCES AT INORDI-  
NATELY LOW PRICES. HE INDICATED THAT HE WAS NOT CON-  
CERNED ABOUT PRICES SINCE IT HAD BEEN DEMONSTRATED THAT  
THE INDUSTRIAL NATIONS COULD ABSORB THE INCREASES. I  
REFERRED TO THE WORLDWIDE ECONOMIC MALAISE THAT HAD  
RESULTED AS A CONSEQUENCE OF THE DRAMATIC INCREASES IN

ENERGY COST, EXPRESSED CONCERN OVER THE DANGERS OF A FURTHER INCREASE, AND INQUIRED AS TO HIS VIEWS ON THE EFFECT OF HIGHER PRICES ON THE LDCS, WHO ARE STAGGERING UNDER THE PRESENT PRICE BURDEN. HE EVIDENCED NO PARTICULAR CONCERN OVER THAT PROBLEM.

7. THE PRIME MINISTER EXPRESSED OPTIMISM AND ENCOURAGEMENT OVER THE ATMOSPHERE OF THE UN SEVENTH SPECIAL SESSION AND AGREED WITH THE PREVAILING VIEWS THAT THERE WAS A GREATLY IMPROVED CLIMATE FOR CONSTRUCTIVE DIALOGUE WHICH HOPEFULLY WOULD LEAD TO REAL PROGRESS AND IMPROVED RELATIONSHIPS BETWEEN THE DEVELOPED AND DEVELOPING NATIONS. I NOTED THAT WE SHARED HIS VIEW AND THAT THE SECRETARY'S SPEECH WAS INDICATIVE OF OUR DESIRE FOR MEANINGFUL AND SYMPATHETIC COOPERATION. HE CONCURRED THIS WAS AN IMPORTANT FORWARD STEP.

8. ALTHOUGH CHIRAC BELIEVED THAT A DETENTE WITH THE SOVIET UNION WAS WORTH A TRY, AND AGREED WITH BOTH AMERICA'S AND FRANCE'S EFFORTS FOR REALIZATION OF IMPROVED RELATIONS WITH THE SOVIETS, HE STILL RETAINS A BASIC MISTRUST OF RUSSIA. HE FELT THAT THERE HAD BEEN ABSOLUTELY NO CHANGE IN RUSSIA'S VIEWS AND ASPIRATIONS FROM THE TIME OF PETER THE GREAT. BECAUSE OF THIS MISTRUST OF THE SOVIET UNION, HE BELIEVED THAT THE WESTERN POWERS MUST BE EXTREMELY WARY AND NOT BE CAUGHT OFF GUARD.

9. HE EXPRESSED CONSIDERABLE ALARM OVER THE GRADUAL DECLINE OF DEMOCRATIC GOVERNMENTS THROUGHOUT THE WORLD AND THE INCREASED STRENGTH OF COMMUNISM. HE WAS PARTICULARLY APPREHENSIVE OVER THE STRENGTH OF THE  
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COMMUNISTS IN PORTUGAL (ALTHOUGH SITUATION ADMITTEDLY IMPROVING) AND ITALY, AND THE UNCERTAINTY AS TO FUTURE CONDITIONS IN SPAIN AFTER FRANCO'S DEATH. HE INDICATED THAT THE INCREASED STRENGTH OF COMMUNISM THROUGHOUT THE WORLD IS HIS PRIMARY CONCERN AT THIS TIME.  
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